

Grains and Gains

A study of the power structure within the GATT/WTO
agricultural regime

Abstract

The thesis presents a synthetic approach to the concept of power structures within international regimes by combining neo-liberalism, realism and rational choice theory in a structure/agency approach. The theoretical argument is applied to a case study of the power structure within the GATT/WTO agricultural negotiations and its development from 1947 to 2004. The three primary actors in the analysis are the US, the EEC/EU and the developing countries that formed the G-20 coalition in 2003. The development over time is divided into three phases; the hegemonic phase, the bipolar phase and the multipolar phase. In the first phase, the US was the hegemon. The second phase marks the emergence of the EEC as a powerful actor in the early 1960s. The third phase describes the situation after 2003 when the G-20 coalition was formed. The conclusion suggests that actors can affect the power structure through a combination of economical assets and coordination. The relationship between these two factors is investigated in a theoretical discussion.

The empirical research includes primary sources in the shape of GATT and WTO documents as well as various secondary sources.

Keywords: regime theory, agriculture, power structures, GATT/WTO, coalitions

Total number of characters: 68,713 (including spaces)

Table of Contents

1 Introduction.....	1
1.1 A question of power.....	1
1.1.1 The importance of agriculture.....	2
1.2 Rationalist theories of international regimes.....	3
1.3 Structure and agency.....	4
1.3.1 Structure.....	4
1.3.2 Agency & rationalism.....	5
1.4 Development over time.....	6
1.4.1 History of the GATT/WTO.....	6
1.4.2 The three phases.....	6
1.5 A case study.....	7
2 The theory in detail.....	8
2.1 GATT/WTO & power.....	8
2.1.1 Absolute & relative gains.....	9
2.1.2 Global economic power & coalition-building.....	10
2.2 Summary: a rationalist structure/agency approach.....	11
3 The development of GATT/WTO.....	13
3.1 The hegemonic phase.....	14
3.1.1 The case of the collapse of the ITO.....	14
3.1.2 The case of the 1955 US waiver request.....	15
3.2 The bipolar phase.....	16
3.2.1 The case of the "chicken war".....	17
3.2.2 The case of the Australian waiver.....	18
3.3 The multipolar phase.....	18
3.3.1 The case of the Uruguay Round.....	19
3.3.2 The case of the agricultural proposal.....	20
3.4 A rationalist structure/agency analysis.....	22

4	Conclusions.....	24
4.1	An alternative explanation – justice and fairness.....	24
4.2	Limitations of the thesis.....	25
4.2.1	Limitations of the rationalist structure/agency approach.....	25
4.2.2	Limitations of the phase theory.....	25
4.3	General applicability of the theory.....	26
4.4	Final comments.....	26
5	References.....	27

1 Introduction

Ever since the end of World War II, the GATT and WTO international trading regime has played a significant role in the international economic system. In this thesis, we will use Krasner's frequently used definition of an international regime; "International regimes are defined as principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area" (Krasner 1984, p. 1). The globalisation process has further contributed to increase the importance of the GATT/WTO. However, in this international regime, not all actors are equal. Since the GATT was first founded in 1947, there has been a power structure in place that has favoured certain actors at the expense of others. In the course of time this power structure has undergone several changes ultimately leading up to the one in existence today. In this thesis we intend to analyse the power structure within the GATT/WTO agricultural negotiations.

In this Chapter, we will start by presenting the purpose of the study and the puzzle along with a presentation of the case study in Chapter 1.1. This is followed by an explanation in Chapter 1.2 of one of the theoretical approaches incorporated into our theory. Chapter 1.3 offers a brief presentation of the structure/agency approach we have chosen to use. In Chapter 1.4 a brief introduction to the history of the GATT/WTO is provided to give more insight into the topic, along with a brief description of our phase theory. Chapter 1.5 concludes with a short explanation of the methodological approach.

1.1 A question of power

In regime theory and other related academic literature, we have not encountered any approach dealing specifically with power structures within international regimes, except those which deal specifically with states. However, we believe that several international regimes have de facto power structures within them, where some members or coalitions are able to exercise their influence over other less powerful actors. The puzzle, which we have chosen to focus on, is how one of these power structures within an international regime works and how it has developed over time. In order to analyse this, we have studied how three key actors, defined as the US, the EEC/EU¹ and the developing countries who formed

¹ EEC = European Economic Community. We use this label generally throughout the thesis to refer to the European Economic Community and the European Community before the creation of the European Union in 1992.

the G-20 coalition², have acted within the GATT/WTO agricultural regime. Although there are several other important coalitions in the GATT/WTO agricultural negotiations, we have chosen to focus solely on the G-20. The reason for this is the strong and successful opposition of the G-20 towards the US and EU in several key areas. Additionally, many of the other coalitions include G-20 members to a larger or lesser extent. For example in the Cairns Group, 12 out of 18 countries are also G-20 members. The agenda of the Cairns Group is not identical to that of the G-20 though but in the cases we have included in the study the Cairns Group alongside the other major coalitions have tended to side with one of the power actors rather than act independently or they have played a minor role. For these reasons we have chosen to exclude it from the analysis. G-20 gives the impression of being not only a powerful actor but also a potentially lasting one, as indicated by the fact that the EU recognised G-20 as a negotiating entity outside the immediate framework of the agricultural negotiations per se in December 2003 (Aggarwal 2005, p. 751). In addition, Aggarwal also mentions that "The United States and EU did not engage in real negotiations on agriculture at Cancun. Instead, they unsuccessfully endeavoured to split the G-20 by exploiting the differences in positions of its members" (p. 750).

Furthermore, G-20 has a considerably diverse mix of members in terms of economic power, ranging from the poor to the powerful. Four members; China, Brazil, Mexico and India, have a GDP of more than \$500 billion. Of the 21 members, 10 have a GDP of less than \$100 billion (figure for Cuba N/A) and 5 of these; Zimbabwe, Bolivia, Paraguay, Tanzania and Uruguay, have a GDP of less than \$20 billion (*CIA World Factbook*).

By studying the possibilities available to the three actors and the constraints they have faced, we have analysed their respective power positions in comparison to their counterparts and how these power positions have developed over time. Of particular interest is how the EEC/EU was able to rise to the position of a powerful actor in the regime in the early 1960s and how the G-20 coalition was able to intervene to obstruct a joint US-EU proposal in 2003 and have some of their counter-proposals included in the Doha Work Programme adopted on August 1st, 2004.

1.1.1 The importance of agriculture

Agriculture has significant importance to the major actors in GATT/WTO, such as the US and EU, as well as to the major coalitions that have formed within these negotiations, being the Cairns group and the G-20. To these actors, agriculture is essential as a means of securing export incomes, satisfying the demand of the domestic market and for some due to food security concerns. Furthermore, many developing countries are completely dependent on their agriculture in order to sustain their economy, being their only major export industry. The importance of

² The G-20 coalition 2006 actually consists of 21 countries; Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, the Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe

agriculture can be illustrated by the fact that it has from the outset of the GATT been regarded as a "special case" and as such exemptions could be made that were not available in other fields. This status did not change until the Uruguay Round during 1986-1994 (Harvey 2006). We argue that the agricultural negotiations are a good representation of the overall power structure within the GATT/WTO due to the considerable efforts invested by the major powers into securing their interests in this field. Thus, the extent to which the actors are capable of achieving their objectives in terms of relative gains within this context is a good indicator of their power.

Up until the start of this millennium, the group of developing countries we have chosen to study was frequently considered to be at a strongly disadvantaged position, which meant that the countries in question had to make significant concessions in return for very modest gains. But at the turn of the millenium and the years that followed, the group of developing countries was increasingly able to make their voices heard and influence the agenda in their favour. We think that this is an indication of significant changes in the power structure within the GATT/WTO. Our ambition is consequently to analyse and try to understand the mechanisms enabling these changes.

1.2 Rationalist theories of international regimes

Few contexts can claim to be as rational as that of international economy. The international competition is a strong incentive for actors to act rationally and maximise their gains in order to cope with the demands of the global market economy. The two most commonly used rational theoretical approaches to explain and analyse international regimes are offered by realism and neo-liberalism. We maintain that these approaches are particularly well suited for analysing an economic international regime like the GATT/WTO.

Hasenclever, Mayer & Rittberger (2000) define realism in the international regimes context as being focused on power and relative gains. They also point out that even absolute gains can be subject to relative gains concerns, as described by the following quote; "[s]ince today's friend may be tomorrow's foe, states are sensitive to relative gains in favour of their partners" (p. 9). Neoliberal theory in the international regimes context, on the other hand, is defined as emphasising the role of international regimes in helping states to realise common interests. Furthermore, they state that "Regimes help self-interested states to coordinate their behaviour such that they may avoid collectively suboptimal outcomes" (p. 8).

We argue that neither realism nor neo-liberalism on their own can provide the necessary theoretical tools to comprehend the structural aspect of the GATT/WTO regime. Both offer some insight into different areas though. Consequently, we have chosen a synthesis approach, combining elements of both, as suggested by Hasenclever, Mayer & Rittberger. This synthesis is labelled *a contextualized rationalist theory of international regimes*. One of the main points

of such a synthesis would be to enable a context-sensitive approach that could take both neoliberal and realist expectations into account depending on the circumstances. This way, both neoliberal explanations of regime formation and realist power concerns can be used in an analysis.

The authors define three primary contexts; Non-problematic Social Situations (Zero-Sum or Harmony, where collectively suboptimal outcomes are not possible), Relative-Gains Dominated Situations ('Realist Situations') and Absolute-Gains Dominated Situations ('Neoliberal Situations'). Furthermore, they state that "constructing such a theory becomes a matter of specifying the conditions under which relative gains concerns are severe and the conditions under which they are slight or completely dominated by calculations of absolute gain" (p. 17). We will argue that the formation of the GATT was a case of the latter, the absolute gains of facilitating trade dominated. The decisions by the participating nations which joined later to apply for membership have likely also been influenced by this line of thought. Within the GATT/WTO, however, there is room for relative gains to be made. This is where the relative-gains dominated situation comes into play. The authors have used these concepts primarily in the analysis of the likelihood of regime creation but we intend to develop the concept by using them to describe power structures within an international regime.

1.3 Structure and agency

The contextualized rationalist theory of international regimes, as suggested by Hasenclever, Mayer & Rittberger (2000), forms the basis for our understanding of the structural component of the GATT/WTO agricultural negotiations. However, we argue that the structure both determines and is determined by the agency of the actors. Thus, we have used a theoretical approach intended to take both matters of structure and agency into account. To understand the agency component, we will use the dual-coordination theory of power presented by Hardin (1997). The latter will be explained in Chapter 2.1.2. The approach we have taken to the concept of structure and agency can best be defined by the following quote by McAnulla; "Agency refers to individual or group abilities (intentional or otherwise) to affect their environment. Structure usually refers to context; the material conditions which define the range of actions available to the actors" (2002, p. 271).

1.3.1 Structure

We view the GATT/WTO agricultural negotiations as a structure. This structure has both explicit rules and implicit mechanisms that can aid or obstruct an actor's ambitions. The GATT/WTO international regime was formed in 1947, with the US being the dominant actor and hegemon. We think that the basis for explaining the creation of this international regime and its continued existence can be

attributed primarily to the neoliberal concept of nations cooperating for absolute gains. Membership in GATT was most likely more beneficial for the participants than non-membership in the sense that it could increase trade incomes and facilitate trade-related negotiations and agreements. However, within the GATT/WTO there was and is also room for relative gains. Membership in itself brings absolute gains, but once inside the framework of the structure, an actor will still have to work to secure its relative gains in competition with other actors in the areas where interests are not compatible. In agriculture this usually means protectionism versus free-trade concerns. The general ambition is to export at an advantage while doing as much as possible to prevent imports from weakening one's own domestic agricultural sector. The extent to which these concerns can be satisfied by an actor is a reflection of an actor's power position. For example, the US and later also the EEC/EU, were for a considerable length of time capable of pressuring the developing countries into making concessions by opening up their markets for imports while at the same time using various trade barriers to keep the exports originating from said developing countries from jeopardising the domestic markets in the US and EEC/EU. Thus, for the developing countries membership in GATT may have been better than staying outside the agreement. But, they were still at a strongly disadvantaged position compared to the US and EEC/EU. The sheer existence of such a difference in influence indicated a strong power position for the US and EEC/EU compared to the nearly insignificant power of the developing countries.

1.3.2 Agency & rationalism

Given the economical nature of the context, we regard the actors in the GATT/WTO agricultural negotiations as rational actors, with ambitions to maximise their gains. The first part of such a pursuit is to obtain the absolute gains made by joining the GATT/WTO in the first place. The second part is to make relative gains within the framework of the GATT/WTO agricultural negotiations. We assume that all actors will actively work to achieve as much in the way of relative gains as possible. However, the extent to which they are able to do so is affected by the structure. A strongly disadvantaged position in the power structure leaves little room for an actor to influence its environment in its favour. Likewise, being in a strongly advantaged position enables an actor to make considerable relative gains at the expense of other actors.

1.4 Development over time

1.4.1 History of the GATT/WTO

The history of the GATT dates back to 1944, when the Bretton Woods institutions were being planned. The three institutions were the International Monetary Fund (IMF), created to address monetary matters, the International Bank for Reconstruction and Development (IBRD), created to facilitate private investment and reconstruction in Europe, and finally the General Agreement on Tariffs and Trade (GATT), intended to be a forum for negotiations on trade liberalisation. At the time, the participating countries feared that a situation similar to that of the Great Depression would arise again after WWII and the Bretton Woods institutions were the means to prevent such an event. The secondary goal was the reconstruction of the economies in Europe after the destruction brought by WWII (Woods 2002, p. 326-328).

The GATT was intended as a temporary measure, which would be replaced by the International Trade Organization (ITO) in a few years. However, after resistance from the US, the ITO was never ratified. The GATT, however, lived on. Between 1947 and 1994, eight so-called *rounds* of negotiations took place; The first are usually only referred to by the name of the place they were held; Geneva in 1947, Annecy in 1949, Torquay in 1951, Geneva in 1956. The Dillon round of 1960-1962 marks the first round with an actual name. It was followed by the Kennedy round of 1962-1967, when the number of participating countries had risen from the original 23 to 62, the Tokyo round of 1973-1979, where 102 countries participated, and finally the Uruguay round of 1986-1994, which involved 123 countries (*The WTO in brief: part I*). Although it originally dealt primarily with tariffs, the GATT grew to also encompass anti-dumping and non-tariff barriers. The Uruguay round established the World Trade Organization (WTO), which effectively replaced the GATT. The WTO covers a wider area than the GATT, spanning over goods, services and intellectual property. In 2001 the Doha round of negotiations were launched. Originally the deadline was set to January 1st, 2005 but the negotiations are still going on at the time of writing this document in May, 2006.

1.4.2 The three phases

In the development of the power structure within the GATT/WTO agricultural negotiations over time, we have identified three primary phases; the hegemonic phase, the bipolar phase and the multipolar phase. We think that the first phase is a reflection of the power structure within the GATT/WTO from its formation in 1947 up until the EEC became powerful enough to play a significant role of its

own. The second phase describes the period when the EEC became a permanent actor strong enough to influence the agenda even when its pursuit of relative gains clashed with the interests of the US. The third phase is intended to describe the recent changes which have enabled the developing countries in the G-20 alliance to get into a position where they can make demands of their own and not necessarily have to accept the decisions of the US and EU.

The use of the words "bipolar" and "multipolar" are not intended to reflect equality of power between the actors, but rather to indicate that new parties have been accepted as actors and gained some level of influence. Likewise, the use of the word "hegemonic" is intended to represent an order where the interests of the US and what was to become the EEC were in most cases similar enough to avoid major disagreements. However, even if such disagreements occurred, the western European countries were not in a position to challenge the power of the US at the time.

These phases are to be regarded as part of an ongoing process and the transitions between them have been relatively lengthy and gradual. Thus, establishing exactly when these transitions took place is not possible. Instead, we have focused on determining the approximate start of each of these phases as well as the point at which the transition can be said to have been completed sufficiently to bring about the essence of the change defining the new phase.

1.5 A case study

In order to anchor the above theories in empirical material, we have chosen to study certain trading rounds and ministerial meetings of the GATT/WTO agricultural negotiations. By comparing the demands and outcomes in these negotiations, we intend to establish the power positions of the major actors; the US, the EEC/EU and the developing countries that formed G-20. By showing similarities in the outcomes within each phase, we will illustrate the characteristics of these phases and after that establish the differences between the phases in order to illustrate the change over time. Each phase is described by analysing two cases. These cases are also used to illustrate the overall theory of structure and agency within the power structures in the GATT/WTO agricultural negotiations power structure.

2 The theory in detail

In this Chapter, we define the power structure within the GATT/WTO with emphasis on the agricultural negotiations. Chapter 2.1 brings up the example of the disadvantaged position of the developing countries compared to their developed counterparts and the US and EEC in particular. We argue that this shows the existence of a contemporary power structure and how it can aid and obstruct the efforts of some key actors. Chapter 2.1.1 adds to the theoretical perspective by explaining the role of absolute gains in regime formation and the maintaining of the regime, as well as the role of relative gains within the regime. Chapter 2.1.2 explains the role of global economic power and coalition-building by using the structure/agency approach mentioned in Chapter 1. Chapter 2.2 concludes by offering a general summary of the theoretical argument.

2.1 GATT/WTO & power

In the field of agricultural negotiations within the GATT/WTO there has been strong tendencies indicating a power structure favouring some parties at the expense of others. Historically, this has meant that the US and EEC/EU have been able to impose their will on other parties by pressuring them into making concessions and opening up their markets without responding with proper reciprocity. This can usually be noticed in three different ways; 1. the US and EEC/EU influencing decisions in their favour, 2. the US and EEC/EU securing waivers or disregarding the rules and 3. systematic discrimination of developing countries. For example, Haas (1969, p. 131) brings up what he calls a "revolt of the Third World" against the western dominance in the GATT and IMF, which can be illustrated by the following quote; "The center-piece of the Third World's revolt was the claim that the GATT-IMF world economic rules hide a fundamental discrimination *de facto* against the export earnings of developing nations". In a description of later events, Ford (2002, p. 124) states that "developed countries increasingly discriminated against developing country exports through the 1970s" and that during the Uruguay Round, "Developing countries became vocal about the 'palpable lack of respect' for GATT rules among the developed countries" (p. 128-129).

We maintain that these quotes illustrate a difference in influence within the GATT/WTO by indicating that the developed countries could choose not to follow the rules set up by the agreements. It also shows a systematic discrimination of the developing countries in the sense that they were unable to

have any significant effect on a situation that was strongly disadvantageous for them. Further support for this view is expressed by Sundström, Rosén & Hall (2004, p. 96) in their description of the WTO, where they state that the rich developed countries have frequently made decisions that have been unfavourable for the developing countries as well as pointing out that the developed countries can more easily disregard the rules.

2.1.1 Absolute & relative gains

One obvious question that needs to be answered given the situation described above is naturally why the developing countries joined the GATT in the first place and remained members, when they were quite apparently in an unfavourable position compared to the developed members. We think that the answer can be found in an analysis focusing on both absolute and relative gains, inspired by the suggestion presented in Chapter 1.2, as laid forth by Hasenclever, Mayer and Rittberger (2000). Within the GATT/WTO regime there are both absolute and relative gains to be made. Absolute gains include agreements that are favourable to all parties, such as reciprocal tariff and quota agreements. Relative gains include actions and agreements that will improve one's own position at another's expense, for example export subsidies resulting in the weakening of other markets through unfair competition and waivers that grant special treatment for certain countries³. The very nature of the global market economy inevitably means that there will always be relative gains to be made through competition.

Even though the developing nations were unable to secure more than marginal gains in GATT compared to their developed counterparts, they were most likely still better off than if they had not been members of GATT at all. Thus, joining GATT brought an immediate absolute gain for every nation sufficiently interested in participating in trade with the member nations by giving them a forum, in which they could address issues related to such activities. Even a low gain is better than none at all, which would explain why the developing nations remained members of GATT. According to Hasenclever, Mayer & Rittberger's interpretation, "Regimes help self-interested states to coordinate their behaviour such that they may avoid collectively suboptimal outcomes, and states can be shown to have an interest in maintaining existing regimes even when the factors that brought them into being are no longer operative" (2000, p. 8). This could be used to explain a situation where the developing countries feared that a suboptimal outcome could be the consequence of leaving GATT. Possibly such an outcome could have taken the shape of a drop in trade between the developing countries leaving GATT and their developed counterparts or an even worse negotiating position. So even though leaving GATT would not necessarily have brought a *collectively* suboptimal outcome, it could very well have turned out to be suboptimal for the developing countries choosing to do so. After all, there is little to support the idea that they would have had better opportunities to improve their situation outside GATT. The same line of reasoning could explain why the

³ See for example the case of the US waiver of 1955 in Chapter 3.1.1

developing countries did not to a larger extent obstruct the decision-making process within GATT. For example, in most cases they did not have enough power to convince a sufficient number of countries to support them, and unless that can be achieved, nothing can be gained. On the contrary, if they had engaged too much in such practices, it would have made GATT useless.

This shows a fundamental difference between the development of the G-20 coalition and the EEC. Even before the EEC countries formed their alliance and rose to power, they were nevertheless in a somewhat privileged position since the US had stated the reconstruction of the major economies of Europe as one of its primary post-WWII goals, as the formation of the IBRD mentioned in Chapter 1.4.1 shows.

2.1.2 Global economic power & coalition-building

An actor's power position within the GATT/WTO agricultural negotiations reflects and affects their agro-economic power in general. A strong position within the GATT/WTO will facilitate growth which will in turn improve an actor's global power position, or vice versa.

Historically, a strong global economic position enabled the US to have a dominant position during the first phase of the GATT. Thus, the first phase of the GATT corresponds well with the theory of hegemonic stability⁴. In the early 1960s, a combination of coordination and economic assets enabled the EEC to emerge as a new power actor, effectively ending the hegemonic phase. These two power actors then used their power positions to further their economic development, thus fortifying their power positions even more. However, as the global economic power of the group of developing countries we have studied grew, they were able to improve their power positions within the GATT/WTO as well, enabling them to take part of this upward spiral of growth.

We argue that the main reason the group of developing countries that later formed the G-20 were unable to challenge the power of the US and EEC/EU prior to 2003 was their lack of economic power in general. As their economies gradually grew stronger and they formed the G-20 coalition, their combined economic power eventually became strong enough to have an impact on their power positions within the WTO, most notably the shared power position made possible by the G-20 coalition. This alliance also shows the need for coordination in order to form a sufficiently strong entity, one capable of challenging the existing power positions of the US and the EU.

This approach was first used by the EEC against the US hegemony. The member nations were too weak individually but combined they formed an entity with too much global economic strength to be neglected. This development is closely related to what Hardin (1997, p. 30) calls the "*dual-coordination theory*". Hardin states that a few (in this case the US) can maintain power over many by using coordination among the ones in power as long as the oppressed ones are unable to coordinate themselves. The US, being a single nation-state actor, had

⁴ See for example Hasenclever, Mayer & Rittberger (2000, p. 9) and Dunne & Schmidt (2005, p. 173-174)

considerably less trouble coordinating within itself. The primary actors within the US that had to, and to some extent still have to, be coordinated are US Congress and the President⁵. But once the EEC members reached a sufficient level of coordination and thus were able to combine their economic strength the US became increasingly unable to maintain power over them and had to acknowledge the EEC as an actor to be reckoned with. One could argue that the EEC was in a favourable position for alliance-building considering the geographic proximity of the region, making communication and coordination easier. The G-20 on the other hand is truly a global alliance, transcending regions as well as continents. The formation and maintaining of this coalition was most likely made easier by the technological advances of globalisation, which has made communication across oceans and continents almost as easy as that between bordering states.

Thus, the primary condition that has to be met in order to change the power structure is a level of global economic power strong enough to be impossible for the existing power actors to disregard. Since no current nation-state except the US has such strength, a secondary condition comes into play; coordination. A quote by Kerremans (2006, p. 182) can be used to illustrate the relationship between structural power and coordination in empirical terms;

As is well known, the European Union (EU) forms an important trading bloc – with potentially an impressive amount of market power – in the world trading system and *a fortiori* in the World Trade Organization. Its ability to transform this potential market power into effective power depends on its ability to cope with its internal diversity.

Through coordination, individually weaker states can form alliances with sufficient strength to meet the primary condition. The synthesis of coordination and individual economic power among the member states of an alliance can consequently overcome and influence the power structure within the GATT/WTO. The two are mutually reinforcing and the extent of either is determined to a large extent by the strength of the other. Thus, a few very strong states are less dependent on coordination (fewer members, less need to concentrate efforts) whereas many weaker states will need more coordination (more members, more concentrated efforts).

2.2 Summary: a rationalist structure/agency approach

We argue that an international regime may have a power structure taking a hegemonic, bipolar or multipolar shape. At its formation, the international regime will reflect the power structure within the context it concerns, i.e. the relative power of the participating nations in the circumstances it addresses. This power structure cannot, however, diverge too much from the outside context even

⁵ The development of the US' internal coordination is described in more detail in Chapter 3.4

though it can have an effect on it. If in the course of time, the outside context undergoes change, the power structure within the international regime will gradually transform to reflect these changes. This process can occur with a certain delay though. In this power structure, there are power actors and other actors. The power actors are able to make considerable relative gains at the expense of the other actors with a minimum of reciprocity due to their favourable power position. In order for actors to become power actors, they have to be able to achieve a degree of power in the context relevant to the international regime sufficiently strong to be impossible for the power actors within the international regime to disregard. This is the primary condition of power change. If this cannot be achieved by a lone actor, several actors may form an alliance in order to combine their power to achieve this. For such an alliance to form, the actors need to coordinate. This is the secondary condition of power change, which may make it possible to meet the primary condition where this is otherwise unattainable. In order for actors to change the power structure, they have to both have the structural assets in terms of power and the means of making use of these assets in terms of agency. For an actor with considerable power, only a minimum of agency is required to bring about such change. But for a weaker actor, who has to combine efforts with other weak actors, a higher degree of agency in terms of coordination is required to overcome the individual actor limitations in power.

3 The development of GATT/WTO

We have analysed the development of the power structure within the GATT/WTO agricultural negotiations by dividing it into three major phases; the hegemonic phase, the bipolar phase and the multipolar phase. In the hegemonic phase, the US held a hegemonic position with the support of the EEC, and to a lesser extent, Japan. This is described in Chapter 3.1. In the bipolar phase, described in Chapter 3.2, intensifying conflicts between the US and EEC in combination with the growing economic power of the EEC eventually led to the EEC becoming an actor of its own, capable of challenging the US in the sense that the US was no longer capable of exercising effective unilateral power over the EEC. In the multipolar phase, described in Chapter 3.3, the group of developing countries forming the G-20 finally reached a sufficient level of economic power through coordination, enabling it to challenge the US and EU in a similar manner. Although the G-20 is not as powerful as the US and EU on a global scale, it has sufficient power to obstruct US and EU efforts as well as take the initiative to constructive changes, which will be explained in more detail in Chapter 3.3.2.

During this entire process, Japan has played a somewhat peculiar role. In the early phases of the GATT, Japan found itself in a position quite similar to that of the European countries, being strongly dominated economically by the US. Japan then increased its economic strength gradually until it became a relatively powerful actor in GATT. However, the main difference lies in agriculture. Since Japan does not have major agricultural export interests, it has not been as active as the US and EEC/EU in the agricultural negotiations. Thus, Japan deviates from the overall pattern by not having, or rather, not using its power position in the agricultural negotiations as actively as the US and EEC/EU. van Scherpenberg (2003, p. 235) explains that; "Japan, the third big player in international trade, took a long time to come to grips with the view that imports, too, can be a source of wealth for its own economy. Therefore, despite its economic potential, its role in international trade negotiations has been that of an outsider". Consequently, since agriculture is the main focus of this thesis, Japan has not been included among the major parties.

The Chapter is concluded with a theoretical analysis focusing more specifically on the role of structure and agency over time, in terms of economic assets and coordination.

3.1 The hegemonic phase

In the early years following WWII, the US global economic policy included considerable efforts to prevent the expansion of Communist influence on a global scale. Haas describes this period with the following statement;

In short, between 1947 and 1958 the United States learned not only to live with, but to shape a web of economic interdependence that ran counter to much of the original intent and commitment. The dominant economic state in the world progressively gave up ideological purity in its effort to gear economic policy to the political objective of fighting communism, to seek a free world economy for its exports, and to retain a protected national economy for those segments that claimed inability to compete with imports. (Haas 1969, p. 125)

The idea of the hegemonic position of the US can be supported by a description of the GATT by Ford (2002), where she states that it "was sponsored by U.S. hegemony" (p. 115). According to Woods (2002), the ambitions of the Bretton Woods system of a new world economic order devised in 1944 were postponed in 1945 when the US top priority became the containment of the Soviet Union. Woods states that "the United States took a far more direct role than planned in reconstructing Europe and managing the world-economy" (p. 327). Under these circumstances, it is hardly surprising that the GATT became an organisation dominated by the US, the main purpose of which was to act as an instrument in the fulfillment of US ambitions. Woods describes the situation with the following statement: "[u]nsurprisingly, by the time the IMF, the World Bank, and the GATT began to function in the 1950s, they were distinctly Western-bloc organizations which depended heavily on the United States" (*ibid.*). This view is supported by Keohane & Nye (2001, p. 41), who state that "[i]n the early postwar period, Europe was largely supine, and although it was able to bargain and resist on some issues, it complied with United States leadership within an overall economic structure".

3.1.1 The case of the collapse of the ITO

One part of the Bretton Woods regime of 1944 was the establishment of an International Trade Organisation (ITO), which would have sufficient power to make legal rulings to settle disputes through an Executive Board. Although the ITO was not specifically concerned with agriculture, due to its intended overall role as trade organisation, it would nevertheless have played an important role in the field of agricultural trade. The GATT was designed to be an interim agreement to be used until the ITO could come into force in 1948/1949 (Hudec 1998, p. 102). However, the proposed structure of the ITO turned out to be unacceptable to the US, and consequently the ITO was not ratified by the US

Congress (*ibid.*). This meant that the ITO collapsed entirely, the only part remaining being the interim GATT. One of the major reasons the US did not ratify the ITO was the autonomous nature of such an international organisation with its own board, capable of exercising power over its members. Consequently, contrary to the original ITO plan, the GATT never had a secretariat of its own, instead having to rely upon the secretariat of an interim organisation created as an ad hoc solution after the Havana Conference of 1948, called the Interim Commission for the International Trade Organization (ICITO). This solution persisted until the establishment of the WTO in 1994 (*ibid.*). Another consequence was that the dispute-settlement procedures proposed as part of the ITO were replaced by considerably weaker and more vague alternatives.

The interesting part in this is that the US decision was the only one that seemed to count. Without US support, the ITO stood no chance. Furthermore, because of the US stance, the GATT was unable to have a secretariat of its own. The ad hoc solution was merely one of necessity since the ICITO secretariat had very little power and thus could not pose a threat to US interests. We argue that this clearly indicates that the US was the hegemon of the Bretton Woods regime. Under other circumstances, it would not have been unreasonable to find a more effective solution, one less hindered by weak dispute settlement and a "flimsy legal structure" (Hudec 1998, p. 104). One alternative example could have been the establishment of an ITO with the other participating nations as members while keeping the US associated through the GATT interim agreement. But, no alternative was implemented and we have found no indication of even a serious discussion about finding an alternative solution.

Whatever the motives of the US, and more specifically the US Congress, were for these actions, the result speaks for itself. The US was in a de facto power position enabling it to block all unwanted proposals regardless of the other participating countries, and to influence the structure of the GATT secretariat and structure according to its desires. Ultimately, the US demand that the GATT was to be a mere agreement rather than an organisation was the factor that determined the entire structure of the GATT (Hudec 1998, p. 3).

3.1.2 The case of the 1955 US waiver request

After a clash between the US Congress and President, the US requested a waiver of the prohibition against import quotas in 1955 (L/315). This was a most serious request, meaning that the US wanted to go against one of the basic foundations of the GATT. According to Porter & Bowers (1989); "[t]his weakened the GATT by providing a precedent for nontariff barriers on agricultural products by other GATT members" (p. 5). Ford (2002, p. 124-125) describes the situation by stating that; "the United States, frequently used exemptions for national purposes, such as that in 1955 for agriculture, excluding developing countries from GATT benefits". The request was met with considerable scepticism by the other members. During a meeting on February 2nd 1955, the United Kingdom representative stated that such a waiver would lead to "serious repercussions both

for many contracting parties as importers or exporters of agricultural produce and also for the balance and effectiveness of the General Agreement itself" (SR.9/33, p. 2). New Zealand expressed "serious concern" (p. 3), Australia was reluctant but willing to view the request sympathetically (p. 5). The French, Danish, Uruguayan, Italian, Greek, South African, Swedish and Brazilian representatives also expressed concerns. Only vaguely supportive statements were made by the Austrian and Turkish representatives (*ibid.*). The Canadian delegation took the matter so seriously that they issued a separate statement, expressing their concerns that "[i]nsofar as GATT gave dispensation for Section 22, our tariff bargain with the United States would become unbalanced. Contracting parties will appreciate, therefore, how seriously the Canadian Government must regard this request" (L/319, p. 1). Clearly, there was little enthusiasm among the members for this request.

After the meeting on February 2nd, a working party was established to consider the request. The working party was unable to reach an unanimous decision but presented its report during a meeting on the 5th of March. Once again, a heated debate ensued, several members expressed strong sentiments against the waiver. At the end of the meeting, the waiver was accepted after a vote where 23 voted for, 5 against and 5 abstained (SR.9/44). The most interesting aspect of the meeting is that many members expressed concerns and dislike of the waiver but still voted in favour. For example, according to the summary record; "Mr. HADJI VASSILIOU [sic!] (Greece) stated that his delegation would vote in favour of the waiver with mixed feelings" (SR.9/44, p. 15). Chile stated that its delegation "regretted that this request had been met" (p. 14) but nevertheless voted in favour. The Austrian representative stated that "[t]he Austrian delegation was fully aware of the danger of the situation, but felt that the CONTRACTING PARTIES [sic!] must adjust themselves to the realities of the situation, and his delegation would vote in favour of the waiver" (p. 17).

Similar lines of reasoning are mentioned in several other delegations' statements. The seriousness of the request and the fact that it was accepted despite concerns from nearly all delegations clearly show the strong power position of the US. The delegations therefore had to accept the request regardless of their concerns and dislike of it.

3.2 The bipolar phase

The weakening of the US economic global position and the increasing strength of the EEC eventually led to the end of the hegemonic phase within the GATT/WTO agricultural power structure. According to Keohane & Nye (2001, p. 40); "[t]he United States' position in the world economy, and its dominance in policymaking, both within the industrialized areas and the Third World, clearly declined between 1950 and 1976" and that "the tremendous European economic recovery and the confidence it gave, at least on economic issues, provide the primary explanation

for the Dillon Round tariff cuts"⁶ (p. 41). During the Kennedy Round of 1964-1967, the US found itself increasingly unable to make the western European countries, now allied in the EEC, comply with its will. For example, Zeiler (2001, p. 323) states that "Washington was happy about the international grains agreement but furious over European protectionism. Average tariff cuts in the farm sector amounted to only 20 per cent and the maintenance of CAP levies on US exports undermined the effort to gain access to the EEC"⁷. This clearly shows that the US had considerable interest in gaining access to the EEC market but also that it was unable to do so despite its efforts. On the other hand, developed countries outside the EEC alliance frequently found themselves unable to resist the US. According to Zeiler, "Australia and New Zealand learned a cardinal rule: as small, modernizing nations, they would have to adjust to American wishes". The developing countries faced a similar situation, which Zeiler describes by saying that; "Third World attempts to reshape the trade regime soon came up short" (*ibid.*).

3.2.1 The case of the "chicken war"

The first notable case of conflict between the US and EEC where the US was unable to exercise power over the EEC is the so-called "chicken war", which Walker (1964) interprets as a symptom of a larger controversy. With the implementation of the Common Agricultural Policy on July 1st 1962, the EEC's common external tariff replaced the previous German national tariff on poultry (L/1887), leading to an increase in poultry tariffs from approx. \$0.045 per pound to \$0.135 per pound (Walker 1964, p. 671). This had a severe impact on US poultry exports, dropping from an estimated \$50 million to approx. \$20 million annually (*ibid.*). A dispute ensued, which caused both parties to request the establishment of a panel to give an advisory opinion (C/M/18). The parties failed to reach an agreement though and on December 12th 1963, the US retaliated by suspending previous tariff concessions "to restore the balance of tariff concessions upset by restrictions imposed on poultry imports by the European Economic Community" (L/2092). According to Walker (1964, p. 681-682) the US retaliation covered imports from the EEC worth approx. \$24 million. The US had announced its intention of inflicting duty increases covering a total of \$46 million, but this was never realised. The outcome was accepted by the EEC and the conflict was neither defused nor did it escalate beyond that point. The end result was sanctions acceptable to both sides (Ludema 2000), a kind of stalemate.

We argue that this case clearly shows that the US was unable to avoid substantial economic loss caused by policies implemented by the EEC. This indicates that the EEC had achieved sufficient power in the GATT to be able to pursue a policy which was disfavouring the US and even withstand retaliatory actions. Thus, the EEC had truly become an actor in its own right. We claim that the reason for the dispute, ultimately being the implementation of the CAP, was

⁶ The Dillon Round took place in 1960-1961

⁷ CAP = Common Agricultural Policy

also the tool that made it possible, at least in the scope of agricultural negotiations.

3.2.2 The case of the Australian waiver

On May 18th 1965, Australia sought a waiver from the GATT rules that prohibited trade preferences in order to provide tariff reductions favouring imports from developing countries. Australia did not demand reciprocity and the motivation was that the developing countries in question would benefit but still not threaten the Australian domestic market (Zeiler 2001, p. 316-317). The waiver was supported by many developing countries but sternly resisted by the US. According to Zeiler "[t]hat position shocked the United States", and; "[t]he United States worked quietly to kill the proposal" (*ibid.*). Interestingly enough, Australia did not only receive the support of many developing countries but also the UK and EEC (SR.23/2). The decision to grant Australia this waiver was adopted after a vote which resulted in 51 votes in favour and 1 against, forcing the US to back down and as a later consequence accept the implementation of the Generalised System of Preferences (GSP) in 1968 (*ibid.*). The GSP was a step forward for the developing countries in that it enabled developing countries to give preferential access to markets for developing countries (Ford 2002, p. 123).

We argue that this shows that the US was unable to resist the demands for this concession when the EEC and several developed countries including Australia and the UK as well as a large number of developing countries coordinated their efforts in order to achieve this objective. Such broad cooperation and coordination was not common, but we believe that this is an indication that the US definitely had lost its hegemonic position in 1966. Considering the statement by Zeiler in Chapter 3.2, where he stated that Australia and New Zealand realised that they had to adjust to American wishes, it seems unlikely that they would have been able to secure the waiver without EEC support. We interpret this as support for the concept of the bipolar phase in the sense that the EEC's support was most likely crucial for the outcome, considering the EEC's ability to withstand US pressure compared to the relatively vulnerable position of Australia.

3.3 The multipolar phase

During the Uruguay round of 1986-1994, the developing countries started to influence the overall structure of the GATT in a more profound way than earlier. Unlike the GSP and the case of the Australian waiver of 1966, they were having an effect on the GATT that extended beyond the scope of exceptions intended to just favour their own countries. The first significant tendency, described in Chapter 3.3.1, was the effect the developing countries had on the negotiations that decided the structure of the World Trade Organization (WTO) and the Uruguay

Round Agreement on Agriculture (URAA)⁸. The second, explained in Chapter 3.3.2, was the emergence of the G-20 coalition in response to the US-EU joint proposal on agriculture presented on August 13th, 2003. Several developing country coalitions emerged during and after the Cancún Conference on September 9th 2003. However, Matthews (2005, p. 563) state that of these "[t]he most significant is the G-20". This had several consequences, most notably the successful challenge it posed to the US-EU joint proposal, ultimately leading up to a counter-proposal presented by the G-20, which led to the adoption of a revised edition in June 2004 (Aggarwal 2005, p. 757). This revised edition included several of the G-20's demands and forced the US and EU to abandon several of their positions. Thus, a group of developing countries managed to establish a power position of their own, capable of successfully challenging both the EU and the US at the same time.

We argue that during the Uruguay Round, the developing countries, especially Brazil and India, had reached global positions that made it possible for them to be more vocal in their demands. Even so, the key to their successes was the lack of resistance from the power actors; the US and the EU. Later, when the G-20 coalition had been formed, the level of coordination in combination with the combined economic power (see table 1 for details) of its members, finally gave the group of developing countries enough weight to successfully challenge the US and the EU and actually force them into making concessions.

Table 1. Leading exporters of agricultural products 2000 & 2004 (Source: ITS 2005)

<i>Country/coalition</i>	<i>Share in world exports</i>	
	2000	2004
European Union (25), extra-EU exports	10.1%	10.0%
United States	12.9%	10.2%
Leading G-20 states ⁹	15.6%	16.7%

3.3.1 The case of the Uruguay Round

The Uruguay Round, a measure to address the fallacies of the GATT structure, was an important step for the whole regime since it led to the formation of a true organisation, the WTO, rather than the agreement that preceded it. According to Ford (2002, p. 132-133) "[d]eveloping country intervention that favored liberalization and stronger rules helped turn the tide toward a stronger multilateral

⁸ Also known as the Agreement on Agriculture (AoA)

⁹ Brazil, China, Argentina, Thailand, Indonesia, Mexico, Chile, India

trading regime". Furthermore, she also states that "[c]ontinuous pressure from developing countries helped ensure that agriculture and textiles were brought under the auspices of the multilateral trading regime" (*ibid.*). This is also mentioned by Albin (2001, p. 110), who brings up the statements of the Indian delegation, which "maintained that the entire success of the Uruguay Round depended on resolving the issue of textiles".

Up until the Uruguay Round, many developing countries felt that they were at a disadvantaged position compared to their developed counterparts. Albin (2001, p. 126) states that "[h]eavily dependent on agricultural exports, they had suffered much from their restricted access to rich-country markets". Concessions favouring the developing nations previously implemented as part of the GSP, which followed the Australian waiver of 1966 mentioned in Chapter 3.2.2, had gone some way to address their complaints, but it was a concession granted by the power actors that relied upon developed countries *giving* market access rather than having it *forced* by the developing countries and did not in any significant way improve their power positions.

In the Punta del Este declaration of 1986, which marked the official start of the Uruguay Round, the importance of differential and favourable treatment of developing countries was emphasised (Albin 2001, p. 108). According to Albin, all parties considered the participation and approval of the developing countries to be essential for the successful conclusion of the round (p. 137). Furthermore, Ford (2002, p. 127) states that "[t]he Uruguay Round was launched only when developed countries agreed to address outstanding issues concerning developing countries and agreed to parallel but separate negotiations in services, as Brazil had proposed". This kind of crucial importance had not been associated with the developing countries in the preceding rounds and indeed, in the case of the GATS¹⁰, Albin states that "most of the essential requests and concerns of LDCs were integrated into the agreement"¹¹ (2001, p. 132). However, even with these successes, the developing countries were still not strong enough to address all of their concerns. According to Matthews (2001, p. 88), even after the conclusion of the Uruguay Round, "[d]eveloping countries point to the asymmetry of current WTO obligations under the Agreement for Agriculture in that the great bulk of support and protection continues to be provided by the developing countries".

3.3.2 The case of the agricultural proposal

The early stages of the preparations before the Cancún Conference were marked by conflict between the US and EU, causing a deadlock in negotiations. Among the attempts to resolve this were informal meetings. Aggarwal (2005, p. 745) describes the situation;

¹⁰ GATS = General Agreement on Trade in Services

¹¹ LDCs = Less Developed Countries

At one such informal mini-Ministerial meeting held at Montreal, Canada in July 2003, a view gained ground that the EU and the United States should first try to resolve their differences. Other countries did not oppose this move as they felt that EU and the United States would broker an honest deal and any resolution of their seemingly diametrically opposite positions especially on market access would perhaps accommodate interests of all Members.

The EU and US managed to present a joint proposal on the 13th of August 2003. However, Aggarwal states that "[t]he joint proposal was not received well by Members as it belied their confidence reposed in the EU and the United States to broker an appropriate deal acceptable to all. Instead their joint proposal accommodated only their own interests" (p. 746). The G-20¹² was formed during the final stages of the preparation as a response to this proposal and launched a counter-proposal of their own (Matthews 2005, p. 563). The US and the EU wanted a blended formula for tariff reductions, which would have resulted in higher tariff reduction commitments on part of the developing countries while favouring US export interests and the EU defensive position. The G-20 on the other hand wanted a "tiered" formula for tariff reductions (Aggarwal, p. 757-758). The conflict led to the collapse of the Cancún Ministerial Conference. After a meeting of the FIP¹³ ministers in Sao Paulo in June 2004, the blended formula was abandoned by the US and EU (*ibid.*) and the tiered formula accepted instead. The tiered formula was later formally adopted as part of the Doha Work Programme on 1 August 2004 (WT/L/579).

According to Martin (2004, p. 53), "[a]t a meeting of WTO ministers in Cancun, Mexico in September 2003, the whole discussion process came to a halt when a group of countries from the developing world defied their richer cousins and would not agree to a new package of trade reforms without agreement on some of their conditions". The choice of the word "defied" is most interesting, as it indicates that unlike the Uruguay Round, the developing countries this time went from cooperation to outright defiance, and what's even more interesting is that they succeeded. But their role was not merely one of obstruction, they went from defiance to constructive participation quickly by presenting their own counter-proposal, one that was sufficiently good to be adopted, although reluctantly on behalf of the US and the EU (Aggarwal 2005, p. 757).

According to van Scherpenberg (2003, p. 235), "the leading Euro-American role in the WTO, has been said to have taken a possibly fatal blow at the hands of the new Group of 21 led by Brazil, India and China"¹⁴. It should be noted that we

¹² G- 20 originally comprised 23 members; Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Paraguay, Peru, Philippines, Pakistan, Thailand, South Africa and Venezuela. After Cancún, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala and Peru left the group but Zimbabwe and Tanzania joined as new members. Guatemala later rejoined the group. They have adopted the name G-20 regardless of the current number of members (Aggarwal 2005, p. 748)

¹³ FIP = Five Interested Parties, a group comprising the EU, the US, Australia, Brazil and India, formed to facilitate dialogue and help sort out differences between the parties (Aggarwal 2005, p. 752)

¹⁴ van Scherpenberg's article was written in 2003, when the G-20 was still new and the name "G-20" had not yet been clearly established

do not maintain that the G-20 is on equal terms with the EU and the US, but we do argue that they are in a position of power sufficiently strong to challenge the US and EU, even when they unite against the G-20 as in the case with the joint proposal. This makes them a power actor in their own right, which signifies that the bipolar phase is definitely over, at least for the time being.

3.4 A rationalist structure/agency analysis

The original hegemon, the US, whose enormous economic power meant that it did not have to make considerable efforts to coordinate, was plagued by constant quarreling between Congress and the President. The first serious setback caused by this was the failure of the International Trade Organisation (ITO). GATT was created as an interim measure to be used until the ITO could be established, but Congress refused to ratify the ITO and so the ITO never came to be. However, GATT was never submitted to Congress, according to Porter & Bowers (1989) "because of Congress' failure to ratify the ITO" (p. 4). Instead, the President interpreted the Trade Agreements Act and its extensions and amendments as authority to participate in GATT without having to seek explicit Congress approval (*ibid.*). Congress struck again at the President after the Torquay Round of 1950-1951 by reducing the President's tariff-cutting authority from 50% to 15% of existing rates.

However, when the efforts to increase coordination in the EEC resulted in the creation of the Common Market in 1957, the US' position of power came under threat. In response, a drastic step was taken with the Trade Expansion Act of 1962. According to Porter & Bowers (1989) "[t]his act provided the President with much more power than had been conferred by any single tariff law since the original Trade Agreements Act of 1934" (p. 7). This meant that the President was once again authorised to offer tariff reductions of 50% of the tariffs applicable in 1961 and to eliminate the levy completely on items with a tariff of 5% or less (*ibid.*). However, even this measure turned out to be insufficient to keep the EEC in check and shortly thereafter the EEC became a power actor in its own right.

We argue that these actions on behalf of the US show the importance of coordination as a way to improve a power position by making more effective use of existing structural assets. For the EEC and G-20, coordination was essential in not only making the existing structural assets more effective but also to combine the structural assets of each member under the auspices of a new entity. The EEC used the CAP as an instrument of internal coordination, strengthening the internal structure while at the same time dealing with external relations as a single party. Whereas the EEC united around the CAP and integration, the G-20 united around opposition to what they perceived to be unfair conditions. The G-20 does not have the level of integration of the EEC but still managed to form an effective coalition. The drastically improved communications brought by globalisation has most likely been helpful in this process, making such an undertaking less difficult today than it would have been when the developing countries tried to challenge

the existing power structures in the 1960s. Then the support of the EEC was essential to even the limited success brought by the Australian waiver and the GSP, but today the developing countries of the G-20 have proved themselves capable of acting as an independent entity.

4 Conclusions

In this thesis we have presented a theory which combines elements of realism and neo-liberalism with rational choice theory in an attempt to offer an explanation of power structures within international regimes and coalition-building. We have described three phases of development within the GATT/WTO agricultural negotiations, the last of the three being barely three years old at the time this is being written in 2006. For that reason, it is difficult to discuss the characteristics of the current phase and what it might lead to, since it is still in its infancy. However, we would like to point out that our theory does not imply that the development we have seen cannot be reverted. It is quite possible that the G-20 coalition might fall if the level of coordination cannot be maintained, either through internal differences or because of external pressure. If that happens, the US and EU might yet again find themselves in power positions strong enough to alter the current multipolar phase to a bipolar one more like the previous status quo. However, considering the economic strength and continued growth of certain key developing countries, such as Brazil, India, China and South Africa, it seems more likely that even if the G-20 coalition was to dissolve, a new one would soon arise to take its place. As long as a large number of countries with sufficient resources find themselves at a disadvantaged position, it is probably only a matter of time before they find a way to coordinate and unite to overcome their common obstacles and make their claim to power.

This chapter concludes the thesis by first presenting and evaluating an alternative explanation in Chapter 4.1. This is followed by a description of the limitations of the thesis in Chapter 4.2. In Chapter 4.3 we discuss the possible general applicability of rationalist structure/agency approach used in the case study, which is followed by Chapter 4.4 containing the final comments.

4.1 An alternative explanation – justice and fairness

According to Albin (2001), justice and fairness played a crucial role in the Uruguay Round of GATT negotiations. Although it is outside the scope of this thesis to speculate in the motives of the US' and EU's actions during the Uruguay Round, it would seem strange that they would be motivated by justice and fairness during that round considering the reaction on behalf of the developing countries towards the joint US-EU proposal laid forth during the Doha Round. The fact that the G-20 was formed to counter that proposal and that it even had to cope with attempts to split the coalition during the struggle to get a revised proposal

accepted seems to indicate that the US and EU are less inclined to consider justice and fairness when it collides with their interests. If indeed such altruistic motives have influenced the actions of the US and EU, there is room to question how far their definition of justice and fairness extend, and to whom it applies? The reaction of the developing countries to the joint proposal seems to indicate that they felt that they were not receiving a just and fair treatment. When they pointed this out, they were faced with stiff opposition from both the US and EU, which in the end were forced to accept the revised proposal because of the massive support for it rather than out of concern for the less privileged countries.

4.2 Limitations of the thesis

4.2.1 Limitations of the rationalist structure/agency approach

Although we designed the theoretical approach we have used in this thesis to be as generally applicable on international regimes as possible, it has some difficulty in coping with certain types of events and situations. By assuming that all actors aim to maximise their gains at all given times, it disregards more complex motives that may have an effect on the actions of an actor.

4.2.2 Limitations of the phase theory

The peculiar role of Japan in the GATT/WTO agricultural negotiations has presented some difficulties during the work on this thesis. Occasionally vocal and active and occasionally quiet and passive, Japan is both a potentially powerful actor and, as van Scherpenberg (2003, p. 235) stated, an "outsider". Thus, Japan has not been counted as one of the power actors, despite its influence and capabilities. The explanation to Japan's actions in the agricultural negotiations is most likely to be found in Japan's limited interests in agriculture. Fiercely protectionist but with few export interests, Japan usually takes an active power actor role only when it perceives that its domestic agriculture is threatened. Implicitly though, Japan can be said to have been a part of both the hegemonic phase and the bipolar phase by occasionally lending its support to the US and/or EU. Clearly, a more complex analysis of the role of Japan is needed in order to gain a more thorough understanding of the role Japan has played during the phases of the GATT/WTO agricultural regime. We maintain though that Japan has not played as important a global role as the actors we have primarily focused on; the US, EU and G-20, primarily because Japan has not taken as active a part in shaping or maintaining the power structures as the other power actors.

4.3 General applicability of the theory

Although we have only studied the GATT/WTO agricultural negotiations in this thesis, we believe that our rationalist structure/agency approach could possibly be used to analyse power structures within other international regimes as well. For example, whereas the power structure in an economic international regime is based on economic power, the power structure within a military/security regime is likely to be more oriented towards military power. However, since military power is frequently linked to economic power, the same country can often be the hegemon in several international regimes, the US being an obvious example. Not all international regimes display the type of power struggles present in the GATT/WTO though. The level of relative gains to be made in an international regime is most likely the crucial factor determining whether or not power struggles like the one in the GATT/WTO are likely to appear. Economic international regimes are therefore good examples of such behaviour, given the relative gains-dominated nature of economic competition.

4.4 Final comments

The GATT/WTO regime has developed considerably since it was first formed in 1947. Initially a classic hegemonic regime based on an agreement, it has developed into a multipolar, complex organisation. The position of the developing countries has traditionally been weak and disadvantaged, but the growing economic strength of the leading developing countries and the formation of the G-20 coalition has significantly improved their position at the bargaining table. The events of 2003-2004 offer a unique example of a group of developing countries forcing concessions from the US and EU. This is radically different compared to the concessions previously granted to them in the sense that they for the first time acted by using power rather than having to make requests and rely upon the benevolence of the developed nations. The combination of: 1, structural assets in terms of economic power, and; 2, agency in terms of coordination efforts, was the key factor that enabled the G-20 to take such action. However, the G-20 coalition is far less integrated and has more diverse interests, such as the differences between Brazil's export ambitions and India's protectionism, than the EU, which could potentially threaten its stability and level of coordination. Compared to the EU, the lack of a common agricultural policy is an obstacle preventing them from reaching the level of coordination present within the EU. The result is that even though the combined exports of the G-20 outweigh those of the EU (see table 1 for details), the lack of coordination still makes them less powerful than the EU. The future of the G-20 relies upon its ability to overcome such differences. If it can be done, the G-20 has much to gain. If not, it might disappear as quickly as it emerged.

5 References

- Aggarwal, Rajesh, 2005. "Dynamics of Agriculture Negotiations in the World Trade Organization", *Journal of World Trade*, vol. 39, issue 4, p. 741-761
- Albin, Cecilia, 2001. *Justice and Fairness in International Negotiation*. Cambridge: Cambridge University Press
- C/M/18 = *Minutes of Meeting: Held at the Palais des Nations, Geneva on 29-30 October 1963*. <http://gatt.stanford.edu/> accessed May 4th, 2006
- CIA World Factbook. <http://www.cia.gov/cia/publications/factbook/> last accessed April 27th, 2006
- Dunne, Tim – Schmidt, Brian C., 2005. *Realism in Marsh, David – Stoker, Gerry. Theory and Methods in Political Science*. Hampshire: Palgrave Macmillan
- Ford, Jane, 2002. "A Social Theory of Trade Regime Change: GATT to WTO", *International Studies Review*, vol. 4, issue 3, p. 115-138.
- Haas, Ernst B., 1969. *Tangle of Hopes: American commitments and world order*. Englewood Cliffs: Prentice-Hall, Inc.
- Hardin, Russell, 1997. *One for All: The Logic of Group Conflict*. Princeton: Princeton University Press
- Harvey, David, 2006. AEF811/372: *GATT & WTO*. <http://www.staff.ncl.ac.uk/david.harvey/AEF811/AEF811.4/AEF811.4.html> Accessed April 20th, 2006
- Hasenclever, Andreas – Mayer, Peter – Rittberger, Volker, 2000. "Integrating theories of international regimes", *Review of International Studies*, vol. 26, issue 1, p. 3-33.
- Hudec, Robert E., 1998. *The Role of the GATT Secretariat in the Evolution of the WTO Dispute Settlement Procedure*. <http://www.worldtradelaw.net/articles/hudecsecretariat.pdf> accessed May 4th, 2006
- ITS 2005 = International Trade Statistics 2005. <http://www.wto.org> accessed May 15th, 2006
- Keohane, Robert O. - Nye, Joseph S., 2001 *Power and Interdependence*. Third edition. New York: Longman
- Kerremans, Bart, 2006. *Proactive policy entrepreneur or risk minimizer? A principal-agent interpretation of the EU's role in the WTO* in Elgström, Ole – Smith, Michael. *The European Union's Roles in International Politics: Concepts and analysis*. London: Routledge
- Krasner, Stephen D., 1984. *Structural causes and regime consequences: regimes as intervening variables* in Krasner, Stephen D. (ed.), *International Regimes*. London: Cornell University Press

- L/1887 = *European Economic Community: Statement by the Representative of the Community at the Twentieth Session of the CONTRACTING PARTIES*. 31 October 1962. <http://gatt.stanford.edu/> accessed May 4th, 2006
- L/2092 = *Schedule XX – United States: Suspension of Tariff Concessions under Article XXVIII:3*. 12 December 1963. <http://gatt.stanford.edu/> accessed May 4th, 2006
- L/315 = *United States Request for a Waiver in Connection with Section 22 of the Agricultural Adjustment Act*. 28 January 1955. <http://gatt.stanford.edu/> accessed May 3rd, 2006
- L/319 = *United States Request for a Waiver in Connection with Section 22 of the Agricultural Adjustment Act: Statement by the Canadian Delegation*. 10 February 1955. <http://gatt.stanford.edu/> accessed May 3rd, 2006
- Ludema, Rodney D., 2000. "Optimal international trade agreements and dispute settlement procedures", Washington, DC: Georgetown University www.georgetown.edu/faculty/ludemar/DSP6_00.pdf accessed May 4th, 2006
- Martin, Mike, 2004. "New voices in world trade", *CMA Management*, vol. 78, issue 1, p. 53-54
- Matthews, Alan, 2001. "Developing Countries' Position in WTO Agricultural Trade Negotiations", *Development Policy Review*, vol. 20, issue 1, p. 75-90
- Matthews, Alan, 2005. "The road from Doha to Hong Kong in the WTO agricultural negotiations: a developing country perspective", *European Review of Agricultural Economics*, vol. 32, issue 4, p. 561-574
- McAnulla, Stuart, 2002. *Structure and Agency* in Marsh, David – Stoker, Gerry. *Theory and Methods in Political Science*. Hampshire: Palgrave Macmillan
- Porter, Jane M. - Bowers, Douglas E., 1989. *A Short History of U.S. Agricultural Trade Negotiations*. Washington, DC: U.S. Department of Agriculture
- van Scherpenberg, Jens, 2003. "Whither Euro-American Leadership in the WTO?", *Intereconomics*, vol. 38, issue 5, p. 235-237
- SR.23/2 = *Summary record of the Second Meeting : Held at the Palais des Nations, Geneva, on Monday, 28 March 1966, at 3 p.m.* <http://gatt.stanford.edu/> accessed May 2nd, 2006
- SR.9/33 = *Summary record of the Thirty-Third Meeting: Held at the Palais des Nations, Geneva, on Wednesday, 2 February 1955, at 3.00 p.m.* <http://gatt.stanford.edu/> accessed May 3rd, 2006
- SR.9/44 = *Summary record of the Forty-Fourth Meeting: Held at the Palais des Nations, Geneva, on Saturday, 5 March 1955, at 10 a.m.* <http://gatt.stanford.edu/> accessed May 3rd, 2006
- Sundström, Mikael – Rosén, Malena – Hall, Martin, 2004. *En guide till mellanstatliga organisationer*. Lund: Studentlitteratur
- The WTO in brief: Part I = The multilateral trading system – past, present and future*. <http://www.wto.org> accessed May 15th, 2006
- Walker, Herman, 1964. "Dispute Settlement: The Chicken War", *The American Journal of International Law*, vol. 58, issue 3, p. 671-685
- Woods, Ngaire, 2002. *International Political Economy in an Age of Globalization* in Marsh, David – Stoker, Gerry. *Theory and Methods in Political Science*. Hampshire: Palgrave Macmillan

WT/L/579 = *Doha Work Programme: Decision Adopted by the General Council on 1 August 2004*. <http://www.wto.org> accessed May 6th, 2006

Zeiler, Thomas W., 2001. "Commanding the Middle: the American Agenda at the Kennedy Round", *Australian Economic History Review*, vol. 41, issue 3, p. 308-324.